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# Production and the Preservation of Initiative

By HELEN MAROT

Author of *The Creative Impulse in Industry*

THE ability of peoples to distinguish between the character of motives which underlie behavior is an index of their intellectual development and emotional control. Their ability to turn such knowledge and wisdom to account in their conduct in every day life is a measure of their culture. It may represent, in the long run, their relative position in world leadership. That is what the acquisition of such power must, in the end, represent, if the processes of life are by the way of expansion and growth of individual consciousness.

In America we are singularly unaware of the complex nature of emotions and reactions to modern stimuli. The average American takes for granted a far greater similarity in emotional response than exists. Moreover, he only recognizes its operation within fields singularly limited. He is commonly annoyed by subtle distinction and emotional analysis. There are no modern people or indeed peoples of the great eastern nations so unaware as our own of the infinite variation in human reactions and the complex nature of emotions which behavior reflects.

It was perhaps because of our incredible neglect of motives and stimuli, which operate in modern life, that the first conscious effort to apply psychology to industrial organization (the most complex phase of organized society) occurred in America. It was against heavy odds that the new school of industrial managers made its attempt to take human reactions into account in connection with the effort to increase the production efficiency

of mechanical labor. As the financial reward is the motive which underlies and prompts industrial effort, their attention naturally was turned on that as the problem of first importance. Their experiments along these lines were heavily handicapped at the outset for the reason that, as the financial stimulus is used for reward, it is insatiable; also as a stimulus for the production of goods, it works by indirection; it arouses a desire for the reward, not a desire to create wealth.

## FINANCIAL INCENTIVE THE INDUSTRIAL MOTIVE

The principle on which industry is run is that work is pain, but on the promise of reward, which will buy leisure and goods, individual initiative will unfold, intellectual interest will assert itself, and men will function to the best of their ability as responsible units in the enterprise. A promoter of industry makes no pretensions as to ulterior motives in undertaking an enterprise. His recognized, advertised and proud purpose is to earn a living, or, if successful, to amass a fortune. He invites capital to enter on the same ground and promises attractive dividends. He bids for the service of men with offers of wage payments, and on the expectation that they will realize on his offer as much or more than elsewhere, capital and labor accept.

The expectation is that men will work to the limit of their capacity; that they will release creative talents and establish workmanship standards in proportion to the reward offered. As they accumulate money, *which they*

*are all expected to do if the system works satisfactorily*, they may gain mastery over goods and the time and energy of other men which will release them from the pain and effort of work and bring them, in the end, power and leisure. It is supposed that men will find by the way and here and there some enjoyment in industry, but it is anticipated that the real joy will only accrue from the labor which they can get others to do for them and from the fact of their success in attaining the state of mastery and leisure.

The whole scheme is evolved not for the *purpose* of production but for the *financial reward* attached. As men entered industry for the purpose of acquiring wealth rather than producing it, it followed that attention centered for stimulus on the reward. No effort has been made to discover whether workmanship, creative effort, interest in a community's use and wont, furnished their own emotional stimuli for the release of necessary energy. No effort was made along these lines because the primary motive is reward and all the rest is by-product, so far as motive is concerned. The point I want to make is not whether the principle on which industry is run is an ethical one, or whether the institution is good or bad from a social point of view. I want to call attention to signs that point to the fact that the financial incentive is losing its power to realize the purpose of the system; for that reason, it is highly important to determine, so far as it is possible, whether the production of wealth, under modern conditions, can be so organized as to evoke an incentive of its own, without depending solely upon a stimulus that works for response by indirection.

Before the war there was no widespread suspicion that wages alone might fail as an inspirational expedient for getting men to work. The

burning issues of that time were how much or how little should be paid out of profits and earnings; what schemes of payment would insure labor returns; how to administer the wage so as to increase the stimulating effect of each dose without increasing its size. Bonus schemes, bearing a relation between payment and the release of energy as well as offering a special premium on effort, were introduced along with profit sharing schemes which tied up the financial interest of the workers to the capital investment. In spite of a great expenditure of ingenuity on the part of managers to increase labor's contribution, the manufacturers, before the war, registered wholesale and peevish complaint that the industrial army did not produce enough men to fill the positions of superintendents and foremen which industrial progress required. The lack of men to fill the positions, the lack of ambition in the rank and file to work for promotion was equalled only by the loss of drive in the execution of the routine jobs. American manufacturers summed up the situation as indicating an innate lack of initiative.

#### LESSONS FROM WAR-TIME PRODUCTION

It was soon to appear that the failure of the workers to sustain a required output and their lack of interest in positions of responsibility indicated neither the absence nor the presence of initiative or drive latent in the corps of skilled or unskilled labor. The failure we presently discovered out of our experience with war-time production was due to insufficient and infrequent increase of wage rates, as well as the absence in general of exciting stimuli. The sudden response of all sorts, kinds and classes of producers to the war stimulus and the increased wage rate exhibited a latent production power

that surpassed the dreams of the most exacting entrepreneur. During the war, labor demonstrated a capacity which revealed a reservoir of productive energy which had never been more than tapped by industry as it had been run. I am speaking exclusively now of the actual increase of productive energy. I have not forgotten that the increase in the bulk of goods manufactured was due as well to the fact that business speculation in the limitation of markets was thwarted in certain extensive areas.

We were destined to learn another illuminating lesson when the war ended. The drive for wages and profits that set in after the signing of the armistice bore no relation whatever, as it had during the war, to the output of goods. For the first time it has become a matter of public knowledge and recognition that there is no *organic* relation between financial stimulus and output. It appeared that, in normal times, prices could be made to cover the discrepancy, but the real difficulty to face in the continuation of the scheme was the fact that wage earners realized the limitation of their old wage drive policy which they had depended upon for a better distribution of goods. They now know that no material advance in real wages can be made; that increased rates can be met by a manipulation of price and underemployment. It is not impossible, it indeed seems probable that as that fact becomes an established one in the mind of wage earners that their "initiative" will continue to diminish. Whether the demonstration of diminishing returns of labor effort will reach a point where industry fails to draw speculative capital I do not pretend to know. It is enough for present purposes to draw a speculative interest in the drift of things and an appreciation of what it means when trade

unionists decide that the wage motive alone is not sufficient for purposes of organization.

Trade union policy throughout the world is undergoing revision. In addition to bargaining for shorter hours and higher wages the unions are demanding status, control or participation in management. In France and in Italy the workers are training for the assumption of industrial responsibility and are including in their unions all technicians who function productively. In England many employers as well as the government have accepted the new position of the unions as rational and indeed necessary. For the first time, the American Federation inserts a plank in its platform which admits the necessity of labor shifting its position from the old one of irresponsible wage working to responsibility for production policy as well as output.

I have no predictions to make as to the next chapter in this illuminating story. It is not my purpose to do more than point out that the financial stimulus as a principle of operation is not sacro-sanct; that some more direct motivation for the realization of productive effort may evolve out of the necessity; that a motivation which induces the organic response of creative desire and workmanship standards, which conforms more closely to social use and wont, deserves critical analysis and reception. Moreover, we are in the position, which is favorable to more impersonal and rational examination of the financial incentive than before, for the reason that the internal weakness of the whole industrial structure is more apparent. Every engineer, who has approached industry in a spirit of science, has discovered that the interests of speculative capital and production are not one and the same; that a high state of industrial

economy is not consistent with the interest of speculative capital which depends upon the manipulation of markets and prices. It is also clearly evident to the man in the street that the financial motive is the direct cause of the blind conflict which engulfs economic life.

#### THE "WILL TO POWER" A PERVERSION OF INITIATIVE

While the actual functioning of the great mass of individuals involved in industry is directly related to production, their intention, as we have seen, is to reap the harvest, to gather in the spoils without functioning so far as that is possible. As a result, the system is subjected to manipulation from top to bottom. Wherever the occasion permits, initiative on which we place so high a value is converted into a "will to power" instead of functional activity. As a result every exhibition of initiative is balked at the start by the underlying suspicion. A trifling illustration will show how deep seated the suspicion is and how management carefully guards the industry against discovery by a common worker of his own potential value. There are factories where it is realized that the men who work at the bench may have an occasional idea of economic importance to the enterprise. On that account the workers are invited to *drop their ideas in a box* and the managers will take cognizance of them as suggestions, will consider their value and probably report whether use can be made of them. It is graciously assumed that the workers will be flattered by the recognition that they have minds. There is no realization that a man of integrity, who has initiative and workmanship interest, is impelled to test out through first-hand experience the value of his idea. The greater his integrity and his ability the more un-

willing he is to accept a second-hand valuation.

A system that requires mastery over other men's ability robs the industry of the common desire of those who are working to promote it; it robs the industry of the discipline which men get in the testing out of their ideas; it leaves a mass of undigested ideas in the minds of men, which are sure to fester because there is no opportunity to discover whether they are good or bad; it creates issues which have no functional value.

Every strike, boycott, or malingering act furnishes an example of emotional complexes, which is the outgrowth of indirect functioning of the underlying motive. On these occasions labor is regarded as an enemy to society, as a social derelict. Industry takes on the character of social service at such times in the minds of the people who are inconvenienced, and the motive of the employers, who are opposed to the action of the workers, becomes altruistic, to those inconvenienced. The thinly veiled contempt for the man who refuses to produce except for reward is actual contempt for men who have not acquired, under the system, the position of masters. Wage earners who refuse to work are regarded as enemies of society even while their employers are admired for running their business to suit themselves. Another evidence of the split in the psychological reaction in our industrial behavior is the assumed respect theoretically given the worker who bargains individually for a division of the spoils, and the contempt for men who bargain collectively. Collective bargaining is an open and above board admission that industry, which poses at convenient times as a social undertaking devoted to the production of wealth, is a public conspiracy for the exploitation of it.

In spite of what has been inferred above, there is good reason for the respect paid to the masters of industry. While they have manipulated the market of money and goods with a single eye to profits, they have actually promoted industry and carried the responsibility of business enterprise which supports the kind of industry we are familiar with in America. It has been assumed that a single eye for profits and maximum production of goods and economy of production energy were coincident. We are only now beginning to realize that business interests are no more intimately related to production economy and maximum output than labor interests. This realization is destined to destroy the traditional confidence in business leadership.

It may be that the business scheme, dependent upon the financial stimulus, will weather, for some time to come, the case that has piled up against it. But the immediate situation is that for the first time in the history of modern industry the working arrangement, irrespective of the gratifications it has brought or the misery it has imposed, is demanding finer discrimination, a better analysis as to what men can be induced to deliver.

#### INCENTIVES OTHER THAN FINANCIAL

What ways may be taken to restore confidence in business leadership and the worker's faith in a better distribution of wealth through increase of wage rates is the exciting matter of the present moment. The opposition to labor's proposal to share with capital the responsibility of production we know will be met with unrelenting opposition unless the wage stimulus continuously fails to yield the response

which speculative capital requires. If it does, then a new and rich field for industrial science will be started.

The most promising phase of the present outlook is the offer of organized labor to change its position from the old one of irresponsibility. It does not indicate the change of heart on the part of labor for which employers have prayed. It does not mean the responsibility for the execution of routine jobs as prescribed by management. It is not a change of heart, but it is an intelligent recognition of the facts which govern the situation. This phase of the situation is promising because it is possible to create scientific conditions, trace the relation between cause and effect when the mass of individuals who flood the industrial institution are responsible members of it. The outstanding problem for the production managers and economists, but primarily for labor, is how to take organized labor at its word. It is clearly a matter of organization technique; the working out of an organization in which the financial incentive is subordinate to creative interest and subordinate also to the use and wont of the community for whom goods are made. An organization for production, based upon such an objective, would stand to win initiative instead of "will to power"—because where the motive is production instead of reward the extent to which people function and their ability to function become an actual and not a pretentious reason for their participation in industry. Mastery over men for the sake of mastery is will to power, and is thwarted as the interest or drive of individuals is turned into creative experience.